

SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA



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FINANCIAL STATEMENT AUDIT  
ISSUED MAY 23, 2007

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**LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
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	Page
Independent Auditor's Report on the Financial Statements .....	3
<b>Statement</b>	
Special Purpose Financial Statements - All Appropriated and Non-Appropriated Funds:	
Balance Sheet (Legal Basis) .....	A .....7
Statement of Revenues, Expenditures, and Changes in Fund Balances (Legal Basis) .....	B .....9
Statement of Revenues, Expenditures, and Unexpended Appropriation - Budget Comparison of Current-Year Appropriation - Budget (Legal Basis) - All Appropriated Funds .....	C .....11
Notes to the Financial Statements .....	15
<b>Schedule</b>	
Supplemental Information Schedules:	
Appropriated Funds:	
Combining Balance Sheet (Legal Basis) .....	1.....35
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Legal Basis) .....	2.....37
Non-Appropriated Funds:	
Combining Balance Sheet (Legal Basis) .....	3.....38
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Legal Basis) .....	4.....42
<b>Exhibit</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	A

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April 24, 2007

Independent Auditor's Report  
on the Financial Statements

**SUPREME COURT OF LOUISIANA**  
**STATE OF LOUISIANA**  
New Orleans, Louisiana

We have audited the accompanying special purpose (legal basis) financial statements of the Supreme Court of Louisiana, a court within Louisiana state government, as of and for the year ended June 30, 2006, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Supreme Court of Louisiana. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1-B to the financial statements, Act 56 of the 2005 Regular Session of the Louisiana Legislature provided various state appropriations to units of the judicial branch of government. The accompanying special purpose financial statements include these state appropriations, except for those appropriations that are not under the control of the Supreme Court of Louisiana as provided in note 1, which are subject to separate audits. As such, they present the appropriated and non-appropriated activity of the court that are part of the accounts and fund structure of the State of Louisiana. The appropriated funds reflect appropriated activity of the court that are part of the General Fund and special revenue funds of the State of Louisiana. The non-appropriated funds are individual funds of the State of Louisiana not subject to budgetary control. Furthermore, the special purpose financial statements have been prepared on a legal basis of accounting, the purpose of which is to reflect compliance with the annual appropriation act for the appropriated funds and the financial position of the non-appropriated funds. These procedures differ from accounting principles generally accepted in the United States of America as described in the notes to the financial statements. The effects on the financial statements of the variances between legal basis accounting practices and accounting

principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the accompanying special purpose financial statements referred to previously were not intended to and do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of each fund of the Supreme Court, as of June 30, 2006, or the changes in financial position thereof for the year then ended.

In our opinion, the accompanying special purpose financial statements referred to previously present fairly, in all material respects, the balances within the appropriated and non-appropriated funds of the Supreme Court of Louisiana as of June 30, 2006, and the transactions of such funds for the year then ended, on the basis of accounting described in note 1-D.

As discussed in note 14 to the financial statements, during August and September of 2005, the State of Louisiana suffered considerable damage from two major hurricanes, Katrina and Rita, resulting in the President of the United States declaring Louisiana a major disaster area. Because of the severity of these two separate events and the resulting damages sustained, it is unknown what economic impact recovery will have on state and local governmental operations in Louisiana. While the Supreme Court of Louisiana did not directly suffer any major damage from these two hurricanes, court personnel were displaced temporarily. The long-term effects of these events on the court and its operations cannot be determined at this time.

During the fiscal year ended June 30, 2006, the Louisiana Legislative Auditor (LLA) provided certain nonaudit services for the State of Louisiana directed toward assisting the state Department of Military Affairs and the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) relative to their administration of the Federal Emergency Management Agency's (FEMA) Public Assistance program. The LLA provided Military Affairs and GOHSEP with assistance in reviewing documents submitted by applicants and reviewing the application and payment process to provide recommendations to those agencies for meeting their responsibilities for compliance with FEMA and state regulations. To maintain independence for audit purposes while providing these nonaudit services, the LLA has met the criteria and requirements set forth in *Government Auditing Standards: Temporary Exemptions and Guidance in Response to Hurricanes Katrina and Rita*, issued by the Government Accountability Office in November 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2007, on our consideration of the Supreme Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the accompanying special purpose financial statements of the Supreme Court of Louisiana taken as a whole. The accompanying supplemental information schedules are presented for the purpose of additional analysis and have been subjected to the auditing procedures applied in the audit of the special purpose financial statements and, in our opinion, are stated fairly in all material respects in relation to the special purpose financial statements taken as a whole.

This report is intended solely for the information and use of the Supreme Court and its management and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steve J. Theriot", is written over a horizontal line.

Steve J. Theriot, CPA  
Legislative Auditor

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**SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA  
ALL APPROPRIATED AND NON-APPROPRIATED FUNDS**

**Balance Sheet (Legal Basis), June 30, 2006**

	APPROPRIATED FUNDS	NON- APPROPRIATED FUNDS	TOTAL (MEMORANDUM ONLY)
<b>ASSETS</b>			
Cash and cash equivalents (note 2)	\$14,247,972	\$2,231,505	\$16,479,477
Receivables	9,987	7,897	17,884
Due from other state agencies (note 3)	1,664,868	77,158	1,742,026
Due from other funds (note 5)	130,660		130,660
Prepayments	62,802		62,802
<b>TOTAL ASSETS</b>	<b>\$16,116,289</b>	<b>\$2,316,560</b>	<b>\$18,432,849</b>
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities:			
Accounts payable	\$819,933	\$36,971	\$856,904
Payroll deductions payable	128,105		128,105
Due to other courts (note 3)		615,702	615,702
Due to other funds (note 5)		130,660	130,660
Total Liabilities	948,038	783,333	1,731,371
Fund Equity - fund balances - reserved (note 11)	15,168,251	1,533,227	16,701,478
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$16,116,289</b>	<b>\$2,316,560</b>	<b>\$18,432,849</b>

The accompanying notes are an integral part of this statement.

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**SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA  
ALL APPROPRIATED AND NON-APPROPRIATED FUNDS**

**Statement of Revenues, Expenditures,  
and Changes in Fund Balances (Legal Basis)  
For the Year Ended June 30, 2006**

	APPROPRIATED FUNDS	NON - APPROPRIATED FUNDS	TOTAL (MEMORANDUM ONLY)
<b>REVENUES</b>			
Appropriated by legislature:			
State General Fund	\$105,255,731		\$105,255,731
State General Fund by interagency transfers	7,416,318		7,416,318
State General Fund by statutory dedications	5,276,255		5,276,255
Fees and self-generated	427,404	\$407,969	835,373
Funding from grants		160,144	160,144
Total revenues	118,375,708	568,113	118,943,821
<b>EXPENDITURES</b>			
Personal services	62,277,355	23,803	62,301,158
Travel	2,681,226	27,622	2,708,848
Operating supplies and services	2,894,326	388,970	3,283,296
Professional services	1,086,505	399,555	1,486,060
Other charges	1,169,197	93,740	1,262,937
Total expenditures	70,108,609	933,690	71,042,299
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	48,267,099	(365,577)	47,901,522
<b>OTHER FINANCING SOURCES (Uses)</b>			
Operating transfers in (note 4)		1,687,213	1,687,213
Operating transfers out (note 4)	(1,687,213)		(1,687,213)
Transfers from other entities (note 6)	914,251	414,711	1,328,962
Transfers to other entities (note 6)	(44,114,340)	(1,834,577)	(45,948,917)
Total other financing sources (uses)	(44,887,302)	267,347	(44,619,955)
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	3,379,797	(98,230)	3,281,567
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	11,788,454	1,631,457	13,419,911
<b>FUND BALANCES AT END OF YEAR</b>	\$15,168,251	\$1,533,227	\$16,701,478

The accompanying notes are an integral part of this statement.

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**SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA  
ALL APPROPRIATED FUNDS**

**Statement of Revenues, Expenditures,  
and Unexpended Appropriation -  
Budget Comparison of Current-Year  
Appropriation - Budget (Legal Basis)  
For the Year Ended June 30, 2006**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Appropriated by legislature:			
State General Fund:			
Supreme Court	\$37,127,939	\$37,034,987	(\$92,952)
Courts of Appeal	33,645,725	33,645,725	
District courts	25,745,428	25,745,428	
Orleans Parish Criminal Court	4,395,376	4,395,376	
Other courts	4,434,215	4,434,215	
Total state General Fund	105,348,683	105,255,731	(92,952)
Statutory dedications:			
Patients' Compensation Fund	10,000	10,000	
Judges' Supplemental Compensation Fund	6,000,000	3,956,000	(2,044,000)
Trial Court Case Management Fund	1,916,123	1,270,215	(645,908)
Total statutory dedications	7,926,123	5,236,215	(2,689,908)
Other - interest earnings	NONE	427,404	427,404
Interagency receipts:			
TANF drug court	5,000,000	3,970,448	(1,029,552)
TANF court appointed special advocates	3,000,000	3,445,871	445,871
Total interagency receipts	8,000,000	7,416,319	(583,681)
Total appropriated revenues	121,274,806	118,335,669	(2,939,137)
<b>EXPENDITURES</b>			
Supreme Court:			
Salaries - Chief Justice and associate justices	762,625	762,624	1
Supreme Court Proper - staff and other expenses and salary of court crier	7,772,685	7,581,017	191,668
Judicial Administrator	3,051,416	3,029,892	21,524
Judiciary Commission	985,161	843,285	141,876
Court reporters	236,785	216,861	19,924
Dues to the National Center for State Courts	132,548	131,091	1,457
Committee on Professional Ethics	3,000	3,000	
Retired judges - salaries and expenditures	731,414	998,823	(267,409)
Law Library of Louisiana	1,623,864	1,647,728	(23,864)

(Continued)

The accompanying notes are an integral part of this statement.

**SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA  
ALL APPROPRIATED FUNDS  
Statement of Revenues, Expenditures,  
and Unexpended Appropriation -  
Budget Comparison of Current-Year  
Appropriation - Budget (Legal Basis), 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>EXPENDITURES (CONT.)</b>			
Supreme Court: (Cont.)			
Transferred judges - salaries and expenditures	\$131,865	\$131,788	\$77
Retirement benefits to justices and judges - all courts	1,913,952	1,755,034	158,918
Retirement benefits to widows of justices and judges - all courts	1,338,583	1,378,091	(39,508)
Judicial College	170,853	141,858	28,995
Employer contribution to retirement system	5,809,753	5,410,862	398,891
Civil commitment matters	129,551	107,786	21,765
Louisiana Protective Order Registry	912,143	661,599	250,544
Families in Need of Services	1,777,542	1,502,134	275,408
Administrative expenses of the Medical Review Panel	10,000	10,000	
Drug Court maintenance and enhancement	8,093,378	7,742,523	350,855
Paul Hebert Law Center, payable from General Fund Direct	60,000	60,000	
Court Appointed Special Advocates	1,490,821	557,047	933,774
Courts of Appeal:			
Salaries of judges	5,425,583	5,375,142	50,441
First Circuit operation and maintenance	7,500,495	7,500,495	
Second Circuit operation and maintenance	4,159,213	4,159,213	
Third Circuit operation and maintenance	6,357,476	6,357,476	
Fourth Circuit operation and maintenance	5,862,173	5,862,173	
Fifth Circuit operation and maintenance	4,340,785	4,340,785	
District Courts:			
Salaries of judges	17,777,967	17,652,473	125,494
District judges - office and travel expenses	1,259,200	1,117,914	141,286
Orleans Parish Civil District Courts - salaries of judges	1,338,127	1,338,127	
Other judges' expenses	78,400	97,767	(19,367)
Twentieth Judicial District court reporters - salary and retirement contribution	100,572	99,192	1,380
Clerk of Orleans Parish Civil District Court	10,000	10,000	
Employer contribution to group, worker's compensation, general liability, and property insurance	4,270,629	4,001,799	268,830
Judicial Districts - salaries	328,155	327,230	925
Office expenses - Nineteenth Judicial District	328,866	328,866	
Office expenses - Fifteenth Judicial District	217,312	198,490	18,822
Law clerk of the Twentieth Judicial District	36,200	36,170	30

(Continued)

The accompanying notes are an integral part of this statement.

**SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA  
ALL APPROPRIATED FUNDS  
Statement of Revenues, Expenditures,  
and Unexpended Appropriation -  
Budget Comparison of Current-Year  
Appropriation - Budget (Legal Basis), 2006**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>EXPENDITURES (CONT.)</b>			
Orleans Parish Criminal Court:			
Salaries of district judges	\$1,242,546	\$1,242,546	
Salaries of minute clerks	247,469	245,139	\$2,330
Salaries of court reporters	391,097	370,338	20,759
Salaries and related benefits of commissioners	271,464	269,757	1,707
Office expenses of commissioners	10,000	10,112	(112)
Salaries of commissioners' minute clerks	63,473	51,741	11,732
Salaries of commissioners' court reporters	47,850	47,301	549
Judicial Administrator and assistants - salaries and related benefits	590,709	556,210	34,499
Salaries of law clerks	486,294	449,669	36,625
Salaries of secretaries	140,546	138,938	1,608
Sanity Commissions	157,712	157,712	
Board of Jury Commissioners	301,631	301,631	
Office expenses of Criminal Court Judges Orleans	444,585	464,813	(20,228)
Other courts - salaries and related benefits:			
Salaries of city court judges	1,851,599	1,851,597	2
Juvenile Court - salaries of judges	1,338,127	1,338,127	
Salaries of family court judges	382,322	382,322	
Salaries of municipal judges, traffic court judges, and parish court judge	298,653	298,653	
Juvenile and family courts - office expenses	100,800	93,055	7,745
Orleans Parish Juvenile Protective Care Monitoring Program	383,061	272,903	110,158
Orleans Parish Juvenile Court - court reporters	49,653	40,642	9,011
Expenses of Judges Assistance Program	30,000	30,000	
Appropriated by legislature - statutorily dedicated funds:			
Judges' Supplemental Compensation Fund	6,000,000	3,868,078	2,131,922
Trial Court Case Management Fund	1,916,123	1,490,845	425,278
Appropriated by legislature - by interagency receipt:			
TANF Drug Court	5,000,000	3,970,448	1,029,552
TANF Court Appointed Special Advocates	3,000,000	3,445,871	(445,871)
Total appropriated expenditures	121,274,806	114,864,803	6,410,003
<b>UNEXPENDED APPROPRIATION - CURRENT YEAR</b>	<b>NONE</b>	<b>\$3,470,866</b>	<b>\$3,470,866</b>

(Concluded)

The accompanying notes are an integral part of this statement.

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## **INTRODUCTION**

The Supreme Court of Louisiana is a part of the State of Louisiana reporting entity within the judicial branch of government. As provided by Article V of the Louisiana Constitution of 1974, the judicial power of government of the state is vested in a supreme court, courts of appeal, district courts, and other courts. The Supreme Court of Louisiana exercises an appellate function as the highest court in the state, has general supervisory jurisdiction over all other courts, and in certain instances, is the court of original jurisdiction. All judges of the various courts are elected to serve terms ranging from six to 10 years, depending upon their court of jurisdiction. The Supreme Court of Louisiana, comprised of the Chief Justice and six Associate Justices, is empowered by Louisiana Revised Statutes (R.S.) 13:10, 13:121, and 25:91-95 to appoint a judicial administrator, its clerk, and other personnel and to control the Law Library of Louisiana.

The court's operations are funded through annual appropriations made by the Louisiana Legislature from the state's General Fund and from the state's Patients' Compensation Fund, Judges' Supplemental Compensation Fund, and Trial Court Case Management Information Special Revenue Funds. The court's operations are further funded through self-generated revenues authorized by R.S. 13:126, which include fees for appeals, applications for writs, motions filed on unlogged appeals, answers to appeals, and through fees for copies, seminars, and other services. The state's Judges' Supplemental Compensation Special Revenue Fund is funded by an additional fee of \$19 charged by the various courts in the state in compliance with R.S. 13:10.3(E). The state's Trial Court Case Management Information Special Revenue Fund is funded by a special court cost from \$1 to \$2 on all traffic and criminal convictions in the state as mandated by Act 152 of the 1993 Session of the Louisiana Legislature. The amounts collected in connection with these two funds are collected by the Clerk of the Supreme Court and various lower courts and remitted to the state treasurer through the Judicial Administrator's Office of the Supreme Court of Louisiana.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. BASIS OF PRESENTATION**

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the Codification of Governmental Accounting and Financial Reporting Standards published by the GASB. However, the accompanying financial statements have been prepared on a legal basis, which differs from accounting principles generally accepted in the United States of America as explained in the following notes.

### **B. REPORTING ENTITY**

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The court is included within the State of Louisiana reporting entity because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) the state has control and exercises authority over budget matters; (2) state appropriations provide the largest percentage of total revenues; and (3) the court

primarily serves state residents. The accompanying financial statements present information only as to the transactions of the court.

The accompanying financial statements represent activity of the court within the judicial branch of state government and, therefore, are a part of the fund structure of the State of Louisiana and its basic financial statements. Annually, the State of Louisiana issues basic financial statements. The basic financial statements are audited by the Louisiana Legislative Auditor.

The operations of the Supreme Court of Louisiana are separated into four major offices as follows:

- The Judicial Administrator's Office is responsible for all appropriated and non-appropriated funds of the court, except those self-generated fees collected and accounted for by the Clerk of the Supreme Court, the Louisiana Law Library, and the Judicial College. Furthermore, the Judicial Administrator's Office provides a central payroll system for the payment of salaries to all state, district, and certain city court judges, as well as minute clerks, court reporters, et cetera. This office also pays certain expenses of the various courts throughout the state.
- The Office of the Clerk of the Supreme Court is responsible for collecting and accounting for the receipt and expenditure of filing fees and other self-generated revenues as provided by R.S. 13:124. These funds are not appropriated or accounted for by the Judicial Administrator.
- The Louisiana Law Library is responsible for collecting and accounting for proceeds from the sale of acts of the Louisiana Legislature and receipts from the copying of legal documents and the use of Westlaw and LEXIS computer terminals. These revenues are used to purchase books and cover costs relating to copy and computer equipment located in the library. These funds are not appropriated or accounted for by the Judicial Administrator.
- The Louisiana Judicial College is responsible for collecting and accounting for seminar registration fees. These fees are used to conduct seminars for the education of Louisiana judges.

Certain appropriations made to units of the judicial branch under Act 56 of the Regular Session of 2005 of the Legislative - Special Acts Judiciary are not administered by the Supreme Court of Louisiana. Disbursements of annual appropriations to these units are accounted for as transfers (other financing uses) and are subject to separate audits. These units are listed as follows:

<u>Schedule Number</u>	<u>Appropriation</u>
03-8170-04	Committee on Professional Ethics and Grievances
03-8171-02	First Circuit Court of Appeal
03-8171-03	Second Circuit Court of Appeal
03-8171-04	Third Circuit Court of Appeal
03-8171-05	Fourth Circuit Court of Appeal
03-8171-06	Fifth Circuit Court of Appeal
03-8172-09	Judicial Expense Fund of the Nineteenth Judicial District Court - office expenses
03-8172-12L	Sanity Commissions
03-8172-12M	Board of Jury Commissioners
03-8174-03	Judges' Assistance Program

### **C. FUND ACCOUNTING**

The court uses fund accounting, along appropriation lines, to reflect its compliance with provisions of the annual appropriation act and to reflect the financial position and results of operations of its non-appropriated funds. This differs from the fund accounting of accounting principles generally accepted in the United States of America where the intent is to measure the financial position and results of the governmental reporting entity as a whole. Therefore, the funds within the accompanying financial statements have been divided between appropriated and non-appropriated funds and not by conventional fund types of accounting principles generally accepted in the United States of America.

The funds do not include any noncurrent assets or liabilities. Noncurrent assets, capital assets, and long-term liabilities are reflected in the State of Louisiana's basic financial statements.

The funds presented in the special purpose financial statements are described as follows:

#### **APPROPRIATED FUNDS**

##### **General Appropriation Fund**

The General Appropriation Fund provides for the salaries, related benefits, and general administrative expenditures of the Supreme Court of Louisiana and courts of appeal. In addition, the General Appropriation Fund provides for certain salaries, related benefits, and general administrative expenditures of the district, criminal, and city courts.

Included in the General Appropriation Fund are amounts appropriated through state General Fund interagency transfers for the Drug Court and for various programs funded by the Temporary Assistance to Needy Families (CFDA 93.558, TANF) program comprised of federal funds from the U.S. Department of Health and Human Services passed through the Louisiana Department of Social Services.

The Drug Court is funded out of the state General Fund by interagency transfers to the Supreme Court from the Department of Health and Hospitals, Office of Addictive Disorders for the maintenance and enhancement of drug courts.

The TANF Drug Court Grant provides support for the improvement and enhancement of drug courts. The TANF Court Appointed Special Advocates (CASA) work for timely placement of children in permanent, safe, and stable homes. CASAs are appointed by the courts to represent abused and neglected children in the court system. The TANF funds were available through September 30, 2005.

### **Judges' Supplemental Compensation Fund**

The Judges' Supplemental Compensation Fund was created under Act 63 of the 1985 Regular Session of the Louisiana Legislature to account for appropriations for salary supplements to judges and commissioners. The fund is financed by the increased cost of civil filings. The fund is financed by a yearly appropriation of the state legislature from statutorily dedicated funds transferred from the state's Judges' Supplemental Compensation Special Revenue Fund.

### **Trial Court Case Management Information System Fund**

The Trial Court Case Management Information System Fund was originated by Act 152 of the 1993 Regular Session of the Louisiana Legislature and accounts for appropriations used to prepare and implement a master plan for the development of a statewide automated trial-court case management information system, and to provide for the fast-track prototype development of the criminal disposition component of the overall information system. The fund is financed by an assessment of court costs on all criminal and traffic convictions. The fund is financed by a yearly appropriation of the state legislature from statutorily dedicated funds transferred from the state's Trial Court Case Management Information System Special Revenue Fund.

## **NON-APPROPRIATED FUNDS**

### **Judicial College - Seminar Fund**

The Judicial College - Seminar Fund was established to account for transactions related to conducting seminars for the education of Louisiana judges. Funding is received from collected registration fees. The balance remaining in the program at fiscal year ended June 30, 2006, will be used to sponsor seminars and special projects relative to judicial education for Louisiana judges during the fiscal year ending June 30, 2007.

### **Clerk of the Supreme Court Fee Account Fund**

The Clerk of the Supreme Court Fee Account Fund is used to account for filing fees, copies of court records, and other revenues received by the court, as provided by R.S. 13:124, and interest earned on time deposits. The fund is used to pay expenditures approved by the Supreme Court of Louisiana that are not paid by funds appropriated to the Clerk of the Supreme Court.

### **Law Library Self-Generated Fees Fund**

The Law Library Self-Generated Fees Fund accounts for the purchases of law books from proceeds from the sale of acts of the Louisiana Legislature as provided by R.S. 43:22. The Law Library provides copy machines and a facsimile machine within the library for use by its patrons and Westlaw and LEXIS computer terminals to assist patrons in their legal research. The fees generated from these services are used to cover the cost of the copy machines, facsimile machine, computer maintenance, and other operating expenses.

### **Conference of Chief Justices Fund**

The Conference of Chief Justices was founded in 1949 to provide an opportunity for the highest judicial officers of the states to meet and discuss matters of importance in improving the administration of justice, rules and methods of procedure, and the organization and operation of state courts and judicial systems, and to make recommendations and bring about improvements on such matters.

Membership in the Conference of Chief Justices consists of the highest judicial officer of the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the territories of American Samoa, Guam and the Virgin Islands. The Conference of Chief Justices is governed by a Board of Directors and has several standings, temporary and special committees to assist the conference in meeting its objectives. In 1983, the Board of Directors voted to adopt a nonprofit corporation form of organization.

### **Truancy Assessment Center Direct Fund**

The Truancy Assessment Centers (TASC) are funded by TANF federal funds from the U.S. Department of Health and Human Services, passed through the Louisiana Department of Social Services (DSS). The direct charge of TASC is to integrate community services for children at risk. Truancy intervention funds in particular are designed to fill a gap in services that will increase school attendance. Funds were transferred from the Louisiana Office of Youth Development to the judicial system to facilitate funding for the Family Involvement Initiative. Funds were transferred to the LSU School of Social Work

as part of an agreement with LSU to take over the program. Remaining funds will be used to complete a management information system project.

#### **Baptist Community Ministries Fund**

The Judicial Administrator's Office has been awarded a grant from the Baptist Community Ministries, a local philanthropic organization whose mission and purpose is to improve the quality of life for citizens of the greater New Orleans community. This 3-year award totaling \$700,000 was used to fund a pilot program in Orleans Parish Juvenile Court and Jefferson Parish Juvenile Court to implement mediation in child in need of care cases. The overall purpose of the program is to reduce the amount of time abused and neglected children remain in foster care. The Judicial Administrator's Office serves as the recipient of the funds and oversees expenditures of the funds. The award began on January 1, 2002, and ended on December 31, 2005. The Baptist Community Ministries authorized that the remaining funds be retained by the program for future usage of the funds to continue the existing mediation programs and for funding of mediation programs in other courts statewide.

#### **Integrated Juvenile Justice Information System Project (IJJIS) Fund**

Funding for this grant is made available through the Office of Justice Programs as prescribed in P.L. 105-119, the Department of Justice Appropriation Act for Fiscal Year 1998, as administered through the Louisiana Commission on Law Enforcement provides for developing an integrated, web-based Juvenile Offender Information Network case management system. The system will enable data sharing among statewide and local juvenile justice agencies.

#### **Louisiana District Court Rules Project Fund**

The Louisiana District Court Rules Project was created by the Supreme Court in 1998 for the purpose of assessing the need for and, if appropriate, developing district court rules to be implemented by the Supreme Court. The Supreme Court ordered a 90-day official comment period ending May 31, 2001. On December 12, 2001, the Supreme Court adopted District Court Rules, including appendices, and Numbering Systems for Louisiana Family and Domestic Relations Courts and Juvenile Courts. On the same date, the Supreme Court created a standing District Court Rules Committee, charged with receiving related comments and/or proposed additional rules or amendments to those rules.

#### **Families in Need of Services Software Grant Fund**

With a \$25,000 grant from the Louisiana Families in Need of Services Association, the Guidance database system is being developed to record, calculate, track, and report informal case information pertaining to the families in

need of services process. Funds were transferred from the Louisiana Office of Youth Development to the judicial system to facilitate funding for the Family Involvement Initiative.

### **Campaign for the Children Fund**

The Campaign for the Children is a public awareness program that is designed to inform the public about the problem of foster care drift in Louisiana and to motivate the public to become involved in reducing and eventually eliminating the problem. The Campaign for the Children Grant has entered the final phase of the project. Research and discussions continue with other collaborative partners for the most efficacious use of resources consistent with the mission and purpose of the Campaign. Remaining grant funds will be used for this final effort to promote permanency for the children in the Louisiana foster care system.

### **State Court Improvement Grant Fund**

The State Court Improvement Grant is a two-year federal program established by the Omnibus Budget Reconciliation Act of 1993 (P.L. 103-66) to assist courts in the assessment and improvement of proceedings relating to foster care and adoption. The grant, awarded to the highest court in each state, will enable trial courts to (1) identify barriers; (2) highlight practices that are not fully successful; and (3) measure areas in need of added attention. Reforms will then be implemented that address the state court's specific needs in foster care abuse and neglect proceedings. Funding ended June 30, 2006.

### **Children's Justice Act Grant Fund**

Funding passing through the State of Louisiana, DSS was made available by the U.S. Department of Health and Human Services through the Children's Justice Act Grants to States for this project. The court entered into an agreement with the State of Louisiana, DSS for the development of programs to aid investigation, mediation and judicial aspects of child abuse and neglect cases.

### **Louisiana Commission on Law Enforcement (LCLE) - Juvenile Offender Information (JOIN) - Integrated Juvenile Justice Information System Project (IJJIS) Fund**

Funding is provided by LCLE for the creation and implementation of a computer software program designed to integrate the functions of the juvenile court system. This would include the integration of the court administration, case types, and coordination and exchange of information from outside agencies and organization. Currently, the IJJIS consists of a docketing, calendaring, and schedule subsystem and subsystems for tracking CHILD in Need of CARE (CINC) cases, Termination of Parental Rights (TPR or Certification for Adoption)



cases, Families in Need of Service (FINS) Guidance cases, and truancy cases. Funding on this grant was extended through October 31, 2005.

#### **Crime Victims Assistance Grant Fund**

This grant is made available through the Department of Justice via the Louisiana Commission on Law Enforcement. The Victims of Crime Act of 1984, section 42 U.S.C. 10601, Public Law 98-473, as amended, provides the source of the federal legislative funding. The goal of this grant is to provide criminal disposition information to the Louisiana State Police for the computerized Criminal History Database in addition, to work with the National Instant Check System by providing criminal disposition information when needed. Funding for this grant ends September 30, 2006.

#### **Criminal Information Technology Act Grant Fund**

This grant is made available through the U.S. Department of Justice via the Louisiana Commission on Law Enforcement. This grant enables the Supreme Court to continue its participation in the development of the Court Management Information System (CMIS) which will allow accurate and timely information on statewide criminal court dispositions to be reported to the state Computerized Criminal History System. This funding enables the court to accomplish goals and objectives of the CMIS program thereby enhancing and improving local state criminal justice records. Funding for this program extends through September 30, 2006.

#### **National Criminal History Improvement Program**

##### **Criminal Information Technology Act - Louisiana Protective Order Registry (CITA LPOR 1)**

The Statewide Protective Order Grant Program enabled the Supreme Court to provide law enforcement officers with access to accurate, timely, and complete records in regard to Protective Orders, which are issued to prevent acts of domestic violence against a person or to prevent persons from stalking, intimidating, or harassing another person. This grant is made available through the U.S. Department of Justice via the Louisiana Commission on Law Enforcement. The Louisiana Protective Order Registry (LPOR) is a statewide repository for civil and criminal court orders issued to protect victims of intimate partner violence and their children from further harm and harassment. Records in the registry are accessible by query to law enforcement agencies, court officials, and specific agencies with the Louisiana Department of Social Services. Funding from this grant is being used to enhance project software, provide training programs across the state, and expand the registry's record storage system. Funding ends September 30, 2006.



## **CITA LPOR 2**

In 1997, the Louisiana Legislature created the Louisiana Protective Order Registry (LPOR) and charged the Judicial Administrator's Office of the Supreme Court with responsibility for establishing and maintaining this computerized repository of domestic violence protection orders, issued by courts statewide. Recent law changes require LPOR to revise the database, standardized forms, and interactive software developed for and provided to users. Funds in this grant have allowed LPOR to complete these revisions, disseminate the updated material, and work with courts, prosecutors, law enforcement agencies, victim assistance providers and others with an interest in protecting domestic violence victims and their children by ensuring enforcement of protection orders. Funding for this grant has been extended through September 30, 2006.

### **Violence Against Women Act (M02-8-031) Grant Fund**

This grant is made available through the U.S. Department of Justice via the Louisiana Commission on Law Enforcement authorized under Stop Violence Against Women Act, Title I of the Omnibus Crime Control and Safe Streets Act of 1968, 42 U.S.C. 3701. The National Crime Information Center - Protective Order File (NCIC-POF) was implemented in May 1997. The LPOR, a database, was designed to collect information about all court orders issued for the purpose of preventing violent or threatening acts against another person, providing complete, accurate, and timely protective order records to the courts and law enforcement, and allowed Louisiana to fully participate in the NCIC-POF. The purpose of this Continuity of Operations Program is to ensure that LPOR is able to provide uninterrupted access to the data it houses for all authorized users. This grant made funds available to purchase computer hardware and software to enhance the LPOR database. Funding for this grant ends September 30, 2006.

### **California Courts Grant Fund**

This grant is made available through the Foundation of the State Bar of California's Courts and Families Hurricane Recovery Fund as administrated by the California AOC and the State Bar Foundation. The Foundation, a 501(c)(3) organization, stipulates that the grant funds be used to help restore the court system in Louisiana, specifically those court communities affected by hurricanes Katrina and Rita.

### **New York Courts Grant Fund**

This grant is made available through the New York State Unified Court System Katrina Court and Families Recovery Fund. The fund stipulates that the grant funds be used to help restore the court system in Louisiana, specifically those court communities affected by hurricanes Katrina and Rita.

**Federal Emergency Management Agency (FEMA) Assistance Fund**

Robert T. Stafford Disaster Relief and Emergency Assistance Act, PL 100-707, signed into law November 23, 1988; amended the Disaster Relief Act of 1974, PL 93-288. This act constitutes the statutory authority for most federal disaster response activities especially as they pertain to Federal Emergency Management Agency (FEMA) and FEMA programs.

On March 1, 2003, FEMA became part of the U.S. Department of Homeland Security. FEMA's continuing mission within the new department is to lead the effort to prepare the nation for all hazards and effectively manage federal response and recovery efforts following any national incident. FEMA also initiates proactive mitigation activities, trains first responders, and manages the National Flood Insurance Program.

The Supreme Court is acting as the pass-through agent for all courts impacted by hurricanes Katrina and Rita in the state of Louisiana. The Supreme Court is also an applicant for FEMA assistance as well as for hurricane-related damages and expenditures.

**D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The funds in the accompanying financial statements measure the resources provided by the legislature to fund current year expenditures and the use of those resources by the court. This differs from accounting principles generally accepted in the United States of America in which the measurement focus would be to measure the flow of current resources.

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements, regardless of the measurement focus applied. The accompanying financial statements reflect revenues and expenditures in accordance with applicable statutory provisions and regulations of the Judicial Budgetary Control Board.

These legal requirements differ from generally accepted accounting principles as follows:

1. Revenues are recognized to the extent that they have been appropriated and not necessarily when measurable and available.
2. Expenditures are recognized to the extent that appropriation authority has been extended to the court and not necessarily when the fund liability has been incurred.

Under the foregoing legal provisions, the court uses the following practices in recognizing revenues and expenditures:

### **Revenues**

The state General Fund and statutorily dedicated fund appropriations are recognized in the amounts appropriated, to the extent withdrawn from the State Treasury. Interagency transfers, fees and self-generated revenues, and non-appropriated revenues are recognized in the amounts earned, to the extent measurable and available.

### **Expenditures**

Salaries, related benefits, and obligations of employee vested annual and sick leave are recognized when paid, to the extent that they have been appropriated or approved by the Judicial Budgetary Control Board. Substantially, all other operating expenditures are recorded when the related liability is incurred, to the extent that they have been appropriated or approved by the Judicial Budgetary Control Board. Depreciation expense is not recognized by the court.

### **Other Financing Sources (Uses)**

Transfers between funds or units of the judicial branch, some of which are not administered by the Supreme Court of Louisiana and are not expected to be repaid, are accounted for as other financing sources (uses) in the year the court or the Judicial Budgetary Control Board authorizes the transfer.

## **E. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents may include cash on hand, demand deposits, and investments of excess cash in direct security repurchase agreements. Under state law, the court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the court may invest in time certificates of deposit of state banks organized under the laws of the State of Louisiana, national banks having their principal offices in Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state-chartered credit unions.

## **F. LONG-TERM OBLIGATIONS**

The court is by statute not allowed to incur bonded indebtedness and, therefore, no recognition within the accompanying financial statements is necessary. Furthermore, any long-term obligations of the court arising from lease commitments, judgments, or compensated absences are not recognized in the accompanying financial statements.

**G. BUDGET PRACTICES**

By rule of the Supreme Court of Louisiana, the Judicial Budgetary Control Board was created with the authority to approve the transfer of funds within the court as needed. The appropriation made for the operations of the court is an annual lapsing appropriation and is recorded in the appropriated funds. As provided by Act 56 of 2005, any funds therein allocated to the judiciary, any portion of the funds previously appropriated to the judiciary, or interest earnings on such appropriations are thereby appropriated and may be used to defray expenses of the judiciary. All funds remaining unexpended and/or unencumbered must be returned to the state General Fund on or before September 1 of the succeeding fiscal year. However, Act 57 of 2006 reappropriated these funds to defray expenses of the judiciary for fiscal year 2006-2007, thereby eliminating the requirement to return the unexpended/unencumbered portion to the state General Fund on or before September 1.

Revenues and expenditures for budget purposes are recognized on the same basis of accounting as described in note 1-D. Statement C includes all appropriated funds and is presented as a single fund for budgetary comparison purposes. A reconciliation of Statement B to Statement C revenues and expenditures follows:

Revenues per Statement B -	
appropriated funds	\$118,375,708
Unbudgeted revenues:	
Office of Risk Management - insurance reimbursement	(347)
Louisiana Department of Social Services - recovery	
of disallowed cost for drug courts	<u>(39,692)</u>
Revenues per Statement C	<u><u>\$118,335,669</u></u>
Expenditures per Statement B:	
General Appropriation	\$70,108,609
Plus - transfers to circuit courts, other entities,	
and other funds per Act 56 of 2005	44,887,302
Unbudgeted expenditures:	
Other uses of funds	<u>(131,108)</u>
Expenditures per Statement C	<u><u>\$114,864,803</u></u>

Budget revisions are granted by the Joint Legislative Committee on the Budget, the Judicial Budgetary Control Board, and the Supreme Court of Louisiana. The budget information included in the financial statements (Statement C) includes the original appropriations plus subsequent amendments as follows:

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## NOTES TO THE FINANCIAL STATEMENTS

Original approved budget - Judiciary - Act 56 of 2005	\$123,093,795
Supplemental Appropriation - Act 138 of 2005	92,952
Reduction by the Judiciary Budgetary Control Board	<u>(1,911,941)</u>
Total	<u><u>\$121,274,806</u></u>

### **H. JUDGES' SALARIES**

The salaries of the judges of the various appellate, district, juvenile, family, and city courts throughout Louisiana are paid directly by the Supreme Court of Louisiana with warrants drawn on the State Treasury and are included in the expenditures of the accompanying financial statements. City court judges, in addition to their state-paid salary, may receive salary from other sources, but their total salary is limited to that of a district court judge by R.S. 13:1874.1.

### **I. COMPENSATED ABSENCES**

All regular employees of the Judicial Administrator's Office, the Office of the Clerk of the Supreme Court, the Law Library of Louisiana, the Judicial College, and certain Justices' personal staff earn and accumulate annual and sick leave, depending on years of service, at 12 and 24 days per year. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees may be compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay and for any unused compensatory leave earned at the employee's hourly rate of pay, depending on the availability of funds. Upon retirement, unused annual leave in excess of 300 hours may be converted to additional state service for the purpose of computing retirement benefits. In addition, those who attain eligibility in the state retirement system may include unused accrued sick leave in calculating retirement benefits in accordance with the formula established by the retirement system.

### **J. TOTAL COLUMNS ON STATEMENTS**

Total columns on the statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations. Neither are such data comparable to a consolidation.

## 2. CASH AND CASH EQUIVALENTS

At June 30, 2006, the court has cash and cash equivalents (book balances) as follows:

Petty cash	\$550
Demand deposits	<u>16,478,927</u>
Total	<u><u>\$16,479,477</u></u>

Cash and cash equivalents are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At June 30, 2006, the court has \$22,178,893 in deposits (collected bank balances), which is secured from risk by federal deposit insurance plus pledged securities. Included as part of the collected bank balances at June 30, 2006, the court has excess cash deposited in overnight repurchase agreements invested in U.S. Treasury Notes with a market value of \$19,909,830. The underlying securities are held by the counterparty's trust department in the court's name.

## 3. DUE FROM/DUE TO OTHER STATE AGENCIES AND COURTS

Due from/due to other state agencies consists of the following:

	<u>Due From</u>	<u>Due To</u>
Louisiana Department of Social Services (for the TANF programs operated by the court)	\$1,571,916	
State Treasury (Act 138 of the 2005 Regular Session provided a supplemental appropriation for reimbursement of judicial legal expenses incurred by the Court of Appeal, First Circuit)	92,952	
Louisiana Commission on Law Enforcement	16,323	
CITA-LPOR1	4,107	
CITA-LPOR2	5,629	
Violence Against Women Act	51,099	
FEMA Assistance		<u>\$615,702</u>
Total	<u><u>\$1,742,026</u></u>	<u><u>\$615,702</u></u>

## 4. INTERFUND TRANSFERS

Interfund operating transfers consist of a transfer out for the FEMA Assistance Fund for \$1,687,213 from the Appropriated Funds to the Non-Appropriated Funds.

**5. DUE FROM/DUE TO OTHER FUNDS**

Due from/due to other funds consist of the following:

	<u>Due From</u>	<u>Due To</u>
Judicial Administrator Operating Account	\$130,660	
State Court Improvement Grant Fund		\$52,745
LCLE JOIN IJJIS Fund		16,323
CITA-LPOR1		4,107
CITA-LPOR2		5,629
Violence Against Women Act Grant Fund		51,099
Conference of Chief Justices Fund		757
	<hr/>	<hr/>
Total	<u>\$130,660</u>	<u>\$130,660</u>

**6. TRANSFERS TO/FROM OTHER ENTITIES**

Transfers from other entities consist of the following:

Clerk's Fee Account Fund	\$10,000
Truancy and Assessment Center Direct	122,500
Judicial Administrator's Office	27,485
Other state agencies	1,001,613
Families in Need of Services	142,500
California courts	4,864
New York courts	20,000
	<hr/>
Total	<u>\$1,328,962</u>

Transfers to other entities consist of the following:

LSU and A&M College Office Budget	\$122,500
First Circuit Court of Appeal	7,500,495
Second Circuit Court of Appeal	4,159,213
Third Circuit Court of Appeal	6,488,987
Fourth Circuit Court of Appeal	5,862,173
Fifth Circuit Court of Appeal	4,340,785
Nineteenth Judicial District Court	330,466
California Courts Grant Fund	4,864
New York Courts Grant Fund	20,000
Other judicial entities	17,119,434
	<hr/>
Total	<u>\$45,948,917</u>

## **7. PENSION PLANS**

Substantially all employees of the court are members of two statewide, public employee retirement systems (cost-sharing plans). The clerk of court and deputy clerks of the court are members of the Louisiana Clerks Retirement and Relief Fund (LCRRF), a multiple-employer plan. Substantially all other employees and justices are members of the Louisiana State Employees Retirement System (LASERS), a single-employer plan. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. The State of Louisiana guarantees benefits granted by the retirement systems by provisions of the Louisiana Constitution of 1974. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Louisiana Clerks Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225) 256-6660, and the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600.

The contribution requirements of plan members and the court are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution, as set forth in R.S. 11:102. Employees contribute 8.25% (LCRRF) and 7.5% (LASERS) of covered salaries. The court is required to contribute 15.75% to the LCRRF and 19.1% of covered salaries to LASERS. Contributions to the systems are funded through employee contributions and employer contributions. The State of Louisiana funds the court's employer contributions through annual appropriations to the court. The court's employer contributions to LCRRF for the years ended June 30, 2006, 2005, and 2004, were \$246,324; \$204,973; and \$147,278, respectively, and to LASERS for the years ended June 30, 2006, 2005, and 2004, were \$7,728,679; \$6,484,889; and \$6,234,226, respectively, equal to the required contributions for each year.

## **8. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The court provides certain continuing health and life insurance benefits for its retired employees. Substantially all of the court's employees become eligible for these benefits if they reach normal retirement age while working for the court. These benefits for retirees and similar benefits for active employees are provided through insurance companies whose monthly premiums are paid jointly by the employee and the court. The court's cost of providing retiree health care and life insurance benefits is recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2006, the cost of retiree benefits totaled \$1,471,326.

## **9. COMPENSATED ABSENCES**

The liability for unused annual leave payable at June 30, 2006, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60, is estimated at \$1,016,540 of unused annual leave and \$17,360 of unused compensatory leave. The leave payable is not recorded in the accompanying financial statements.



## 10. LEASE AND RENTAL COMMITMENTS

For fiscal year ended June 30, 2006, the court's rental expenditures for office space amounted to \$401,474. The annual rental payments for operating leases for future years are as follows:

Fiscal year:	
2007	\$231,653
2008	220,601
2009	<u>189,550</u>
Total	<u><u>\$641,804</u></u>

The court's lease agreements have non-appropriation exculpatory clauses that allow lease cancellations if the legislature does not make an appropriation for their continuation during future fiscal years.

The court has no capital lease agreements for the fiscal year ended June 30, 2006.

## 11. RESERVED FOR CONTINUING OPERATIONS

As shown on Statement A, the Supreme Court of Louisiana has reserves for continuing operations totaling \$16,701,478 at June 30, 2006. These funds may be retained and used to defray the expenditures of the court, as prescribed by R.S. 13:10.3 for the Judges' Supplemental Compensation Fund, R.S. 13:124 for the Clerk of the Supreme Court Fee Account Fund, and Act 57 of 2006 for all other appropriated funds. The fund balances in the other non-appropriated funds are considered restricted or reserved for the purposes for which the funds were collected, granted, or donated. The reserves for continuing operations are detailed as follows:

Appropriated Funds:	
Operations and Maintenance	\$12,299,707
Drug Court	2,868,544
Non-Appropriated Funds:	
Judicial College - Seminar Fund	214,941
Clerk of the Supreme Court Fee Account Fund	1,134,684
Law Library Self-Generated Fees Fund	102,251
Grants:	
Baptist Campus Ministries Fund	97,600
Integrated Juvenile Justice Information System Project	1,433
Louisiana District Court Rules Project Fund	24,482
Families in Need of Services Software Grant Fund	25,000
Campaign for the Children Fund	691
FEMA Katrina/Rita Assistance Fund	13,041
Conference of Chief Justice Fund	(757)
State Court Improvement Grant 1999 Fund	<u>(80,139)</u>
Total	<u><u>\$16,701,478</u></u>

**12. JUDGMENTS, CLAIMS, AND  
SIMILAR CONTINGENCIES**

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund or by state General Fund appropriations and are not reflected in the accompanying special purpose financial statements. The self-insurance fund is operated by the Office of Risk Management, the state agency responsible for the state's risk management program.

**13. DEFERRED COMPENSATION PLAN**

Certain employees of the court participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

**14. HURRICANES KATRINA AND RITA**

In August and September of 2005, the State of Louisiana suffered considerable damage from two major hurricanes, Katrina and Rita, resulting in the President of the United States declaring Louisiana a major disaster area. The Supreme Court did not receive major damage from the storms. However, because of the severity of those separate events and the resulting damages sustained by the state, it is unknown what economic impact recovery efforts will have on the state and the court.

The Supreme Court is acting as the pass-through agent for all courts impacted by hurricanes Katrina and Rita in the state of Louisiana. The Supreme Court is also an applicant for FEMA assistance as well as for hurricane-related damages and expenditures.

**APPROPRIATED FUNDS**

Schedule 1 presents a combining balance sheet for all appropriated funds as of June 30, 2006.

Schedule 2 presents a combining schedule of revenues, expenditures, and changes in fund balances for all appropriated funds for the year ended June 30, 2006.

**NON-APPROPRIATED FUNDS**

Schedule 3 presents a combining balance sheet for all non-appropriated funds as of June 30, 2006.

Schedule 4 presents a combining schedule of revenues, expenditures, and changes in fund balances for all non-appropriated funds for the year ended June 30, 2006.

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**SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA  
APPROPRIATED FUNDS**

**Combining Balance Sheet (Legal Basis), June 30, 2006**

	GENERAL APPROPRIATION FUND	JUDGES' SUPPLEMENTAL COMPENSATION FUND	TRIAL COURT CASE MANAGEMENT INFORMATION SYSTEM FUND	TOTAL
<b>ASSETS</b>				
Cash and cash equivalents	\$13,334,441	\$705,952	\$207,579	\$14,247,972
Receivables	9,987			9,987
Due from other state agencies	1,664,868			1,664,868
Due from other funds	130,660			130,660
Prepayments	62,802			62,802
TOTAL ASSETS	<u>\$15,202,758</u>	<u>\$705,952</u>	<u>\$207,579</u>	<u>\$16,116,289</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities:				
Accounts payable	\$819,933			\$819,933
Payroll deductions payable	128,105			128,105
Total Liabilities	<u>948,038</u>	<u>NONE</u>	<u>NONE</u>	<u>948,038</u>
Fund Equity - fund balances - reserved	<u>14,254,720</u>	<u>\$705,952</u>	<u>\$207,579</u>	<u>15,168,251</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$15,202,758</u>	<u>\$705,952</u>	<u>\$207,579</u>	<u>\$16,116,289</u>

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**SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA  
APPROPRIATED FUNDS**

**Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances (Legal Basis), June 30, 2006**

	GENERAL APPROPRIATION FUND	JUDGES' SUPPLEMENTAL COMPENSATION FUND	TRIAL COURT CASE MANAGEMENT INFORMATION SYSTEM FUND	TOTAL
<b>REVENUES</b>				
Appropriated by legislature:				
State General Fund	\$105,255,731			\$105,255,731
State General Fund by interagency transfers	7,416,318			7,416,318
State General Fund by statutory dedications	49,692	\$3,956,000	\$1,270,563	5,276,255
Fees and self-generated	414,045	13,359		427,404
Total revenues	113,135,786	3,969,359	1,270,563	118,375,708
<b>EXPENDITURES</b>				
Personal services	57,242,490	3,868,078	1,166,787	62,277,355
Travel	2,630,059		51,167	2,681,226
Operating supplies and services	2,789,778		104,548	2,894,326
Professional services	1,064,016		22,489	1,086,505
Other charges	1,023,344		145,853	1,169,197
Total expenditures	64,749,687	3,868,078	1,490,844	70,108,609
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	48,386,099	101,281	(220,281)	48,267,099
<b>OTHER FINANCING SOURCES (Uses)</b>				
Transfers from other entities	914,251			914,251
Operating transfers out	(1,687,213)			(1,687,213)
Transfers to other entities	(44,114,340)			(44,114,340)
Total other financing sources (uses)	(44,887,302)	NONE	NONE	(44,887,302)
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	3,498,797	101,281	(220,281)	3,379,797
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	10,755,923	604,671	427,860	11,788,454
<b>FUND BALANCES AT END OF YEAR</b>	\$14,254,720	\$705,952	\$207,579	\$15,168,251

**SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA  
NON-APPROPRIATED FUNDS**

**Combining Balance Sheet (Legal Basis), June 30, 2006**

	JUDICIAL COLLEGE - SEMINAR FUND	CLERK OF THE SUPREME COURT FEE ACCOUNT FUND	LAW LIBRARY SELF- GENERATED FEES FUND	CONFERENCE OF CHIEF JUSTICES FUND	BAPTIST COMMUNITY MINISTRIES FUND
<b>ASSETS</b>					
Cash and cash equivalents	\$220,117	\$1,131,188	\$102,251		\$97,600
Receivables		7,897			
Due from other state agencies					
<b>TOTAL ASSETS</b>	<b>\$220,117</b>	<b>\$1,139,085</b>	<b>\$102,251</b>	<b>NONE</b>	<b>\$97,600</b>
<b>LIABILITIES AND FUND EQUITY</b>					
Liabilities:					
Accounts payable	\$5,176	\$4,401			
Due to other courts					
Due to other funds				\$757	
Total Liabilities	5,176	4,401	NONE	757	NONE
Fund Equity - fund balances - reserved for continuing operations	214,941	1,134,684	\$102,251	(757)	\$97,600
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$220,117</b>	<b>\$1,139,085</b>	<b>\$102,251</b>	<b>NONE</b>	<b>\$97,600</b>

(Continued)



IJJIS FUND	LOUISIANA DISTRICT COURT RULES PROJECT FUND	FAMILIES IN NEED OF SERVICES SOFTWARE GRANT FUND	CAMPAIGN FOR THE CHILDREN FUND	STATE COURT IMPROVEMENT GRANT FUND	LCLE JOIN IJJIS FUND	CITA LPOR1 GRANT FUND	CITA LPOR2 GRANT FUND
\$1,433	\$24,482	\$25,000	\$691				
					\$16,323	\$4,107	\$5,629
<u>\$1,433</u>	<u>\$24,482</u>	<u>\$25,000</u>	<u>\$691</u>	<u>NONE</u>	<u>\$16,323</u>	<u>\$4,107</u>	<u>\$5,629</u>
				\$27,394			
				52,745	\$16,323	\$4,107	\$5,629
NONE	NONE	NONE	NONE	80,139	16,323	4,107	5,629
<u>\$1,433</u>	<u>\$24,482</u>	<u>\$25,000</u>	<u>\$691</u>	<u>(80,139)</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
<u>\$1,433</u>	<u>\$24,482</u>	<u>\$25,000</u>	<u>\$691</u>	<u>NONE</u>	<u>\$16,323</u>	<u>\$4,107</u>	<u>\$5,629</u>

**SUPREME COURT OF LOUISIANA**  
**STATE OF LOUISIANA**  
**NON-APPROPRIATED FUNDS**  
**Combining Balance Sheet (Legal Basis), June 30, 2006**

	VIOLENCE AGAINST WOMEN ACT GRANT FUND	FEMA ASSISTANCE FUND	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents		\$628,743	\$2,231,505
Receivables			7,897
Due from other state agencies	\$51,099		77,158
<b>TOTAL ASSETS</b>	<b>\$51,099</b>	<b>\$628,743</b>	<b>\$2,316,560</b>
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities:			
Accounts payable			\$36,971
Due to other courts		\$615,702	615,702
Due to other funds	\$51,099		130,660
Total Liabilities	51,099	615,702	783,333
Fund Equity - fund balances - reserved for continuing operations	NONE	13,041	1,533,227
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$51,099</b>	<b>\$628,743</b>	<b>\$2,316,560</b>

(Concluded)

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**SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA  
NON-APPROPRIATED FUNDS**

**Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances (Legal Basis), June 30, 2006**

	JUDICIAL COLLEGE - SEMINAR FUND	CLERK OF THE SUPREME COURT FEE ACCOUNT FUND	LAW LIBRARY SELF- GENERATED FEES FUND	CONFERENCE OF CHIEF JUSTICES FUND
<b>REVENUES</b>				
Grants				
Fees and self-generated revenues:				
Court fees		\$167,375		
Copy fees		14,790	\$4,172	
Bar admissions		16,325		
Seminar fees	\$149,432			
Sales of acts of the legislature			2,535	
Computer-assisted research fees			2,361	
Facsimile fees			2,002	
Miscellaneous		698		
Use of money and property - interest earnings	4,890	43,389		
Total revenues	154,322	242,577	11,070	NONE
<b>EXPENDITURES</b>				
Personnel services		23,803		
Travel	4,302	11,931		
Operating supplies and services	11,558	139,030	9,311	\$307
Professional services	140,416	33,218	465	450
Other charges		21,399	210	
Total expenditures	156,276	229,381	9,986	757
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	(1,954)	13,196	1,084	(757)
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in				
Transfers from other entities		10,000		
Transfers to other entities				
Total other financing sources/uses	NONE	10,000	NONE	NONE
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	(1,954)	23,196	1,084	(757)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	216,895	1,111,488	101,167	NONE
<b>FUND BALANCES (Deficiency) AT END OF YEAR</b>	\$214,941	\$1,134,684	\$102,251	(\$757)

(Continued)

TRUANCY ASSESSMENT CENTER DIRECT FUND	BAPTIST COMMUNITY MINISTRIES FUND	IJJIS FUND	LOUISIANA DISTRICT COURT RULES PROJECT FUND	FAMILIES IN NEED OF SERVICES SOFTWARE GRANT FUND	CAMPAIGN FOR THE CHILDREN FUND	STATE COURT IMPROVEMENT GRANT FUND	CHILDREN'S JUSTICE ACT FUND
	\$45,438					\$114,706	
NONE	45,438	NONE	NONE	NONE	NONE	114,706	NONE
\$77,558			\$7 3,942			11,089 1,500 154,861 27,395	\$102,458
16,632							
94,190	NONE	NONE	3,949	NONE	NONE	194,845	102,458
(94,190)	45,438	NONE	(3,949)	NONE	NONE	(80,139)	(102,458)
122,500 (122,500)							102,458
NONE	NONE	NONE	NONE	NONE	NONE	NONE	102,458
(94,190)	45,438	NONE	(3,949)	NONE	NONE	(80,139)	NONE
94,190	52,162	\$1,433	28,431	\$25,000	\$691	NONE	NONE
NONE	\$97,600	\$1,433	\$24,482	\$25,000	\$691	(\$80,139)	NONE

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**SUPREME COURT OF LOUISIANA****STATE OF LOUISIANA****NON-APPROPRIATED FUNDS****Combining Schedule of Revenues, Expenditures,****and Changes in Fund Balances (Legal Basis), June 30, 2006**

	LCLE JOIN IJJIS FUND	CRIME VICTIMS ASSISTANCE GRANT FUND	CRIMINAL INFORMATION TECHNOLOGY ACT GRANT FUND	CITA LPOR 1 GRANT FUND	CITA LPOR 2 GRANT FUND
<b>REVENUES</b>					
Grants - federal					
Fees and self-generated revenues:					
Court fees					
Copy fees					
Bar admissions					
Seminar fees					
Sales of acts of the legislature					
Computer-assisted research fees					
Facsimile fees					
Miscellaneous					
Use of money and property - interest earnings					
Total revenues	NONE	NONE	NONE	NONE	NONE
<b>EXPENDITURES</b>					
Personnel services					
Travel					\$300
Operating supplies and services		\$47,241			
Professional services	\$66,203				
Other charges			\$18,368	\$4,107	5,629
Total expenditures	66,203	47,241	18,368	4,107	5,929
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	(66,203)	(47,241)	(18,368)	(4,107)	(5,929)
<b>OTHER FINANCING SOURCES</b>					
Operating transfers in					
Transfers from other entities	66,203	47,241	18,368	4,107	5,929
Transfers to other entities					
Total other financing sources/uses	66,203	47,241	18,368	4,107	5,929
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	NONE	NONE	NONE	NONE	NONE
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	NONE	NONE	NONE	NONE	NONE
<b>FUND BALANCES (Deficiency) AT END OF YEAR</b>	NONE	NONE	NONE	NONE	NONE

(Concluded)

CALIFORNIA COURTS GRANT FUND	NEW YORK COURTS GRANT FUND	FEMA ASSISTANCE FUND	TOTAL
			\$160,144
			167,375
			18,962
			16,325
			149,432
			2,535
			2,361
			2,002
			698
			48,279
NONE	NONE	NONE	568,113
			23,803
			27,622
			388,970
			399,555
			93,740
NONE	NONE	NONE	933,690
NONE	NONE	NONE	(365,577)
		1,687,213	1,687,213
4,864	20,000	13,041	414,711
(4,864)	(20,000)	(1,687,213)	(1,834,577)
NONE	NONE	13,041	267,347
NONE	NONE	13,041	(98,230)
NONE	NONE	NONE	1,631,457
NONE	NONE	\$13,041	\$1,533,227

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**OTHER REPORT REQUIRED BY**  
***GOVERNMENT AUDITING STANDARDS***

The following pages contain a report on internal control over financial reporting and on compliance with laws and regulations and other matters as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statements.

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STEVE J. THERIOT, CPA  
LEGISLATIVE AUDITOR

OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

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April 24, 2007

Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of the Financial Statements  
Performed in Accordance With *Government Auditing Standards*

**SUPREME COURT OF LOUISIANA**  
**STATE OF LOUISIANA**  
New Orleans, Louisiana

We have audited the special purpose (legal basis) financial statements of the Supreme Court of Louisiana as of and for the year ended June 30, 2006, and have issued our report thereon dated April 24, 2007. Our report was modified to indicate that the financial statements present fairly the financial position and changes in financial position of the court on a legal basis rather than in conformity with accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Supreme Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special purpose financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the special purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

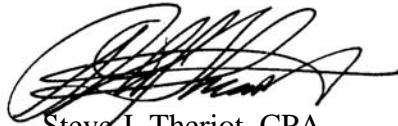
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Supreme Court's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement

amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Supreme Court of Louisiana and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steve J. Theriot", is written over a horizontal line.

Steve J. Theriot, CPA  
Legislative Auditor

FM:JR:PEP:dl

[SUPCRT06]